

ORIGINAL NEW APPLICATION



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ARIZONA CORPORATION COM



Arizona Corporation Commission

DOCKETED

MAR 20 2007

DOCKETED BY

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FINANCING APPLICATION

Rancho Del Conejo Community Water Co-op.

UTILITY NAME

W-02102B-07-0163

DOCKET NO(S).

AZ CORP COMMISSION
DOCUMENT CONTROL

2007 MAR 20 P 12:23

RECEIVED

You must complete all items in the application according to the instructions provided. If you have any questions regarding the application, call the Chief, Financial & Regulatory Analysis Section at (602) 542-0743 for assistance.

Send the original and sixteen copies of the application and cover sheet to the following address:

DOCKET CONTROL CENTER
1200 W WASHINGTON STREET
PHOENIX AZ 85007-2927

RANCHO DEL CONEJO COMMUNITY WATER CO-OP., INC.
13130 WEST RUDASILL ROAD
TUCSON, AZ 857543


March 8, 2007

Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

We have enclosed a Finance Application for approval of debt due to Rancho Del Conejo Community Water Co-op., Inc.'s (RDCCWC) need to borrow funds to install arsenic removal equipment at Well #3 within the system. This well has an arsenic level of 0.018 mg/l which exceeds the Arizona Department of Environmental Quality allowable level.

RDCCWC is currently on the Water Infrastructure Finance Authority 2007 project priority list.

Regards,



Bonnie O'Connor, Vice President
Southwestern Utility Management, Inc.

For

Albert Lannon, President
Rancho Del Conejo Community Water, Co-op.

RANCHO DEL CONEJO COMMUNITY WATER CO-OP., INC.
FINANCE APPLICATION INFORMATION

APPLICANT: Rancho Del conejo Community Water Co-op.
Mailing Address: 13130 West Rudasill Road
Tucson, AZ 85743

Telephone Number: 520-682-8335
Fax Number: 520-682-8335

Physical address: 13130 West Rudasill Road
Tucson, AZ 85743

Authorized Agent: Bonnie O'connor
Southwestern Utility Management, Inc.
PO Bo 85160
Tucson, AZ 85754

Agent Phone Number: 520-623-5172
Agent Faz Number: 520-792-0377

Proposed Project

Drinking Water Project:

- 1) Rancho Del Conejo Community Water Co-op., Inc. (RDCCW) is in dire need for financing approval to acquire an arsenic removal system which will be installed at Well #3. (RDCCW) has an arsenic level of 0.018 mg/l, well above the newly established limits.

The system is located in Pima County Arizona and is adjacent to the Avra Water Cooperative, Inc., south of Marana, AZ. And is located in the Active Management Area.

Current rates were approved in Docket #U-2102-96-423, Decision #59881 using test year 9/31/04.

- 2) The existing facility is also in need of system upgrades and/or repairs.

Cost breakdowns are as follows:

Twin Tank Parallel Arsenic Removal /System with Mid-Level Backwash and Sow ADSORBSIA TM Titanium-based Arsenic Removal Media	\$113,600.00
Pre-Treatment	\$ 8,400.00
Connections, Concrete Pad, Roof, Carbon Dioxide Injection System, Labor	\$ 35,000.00
Construction Management and Coordination	\$ 10,000.00
System upgrades and/or repairs	<u>\$ 33,000.00</u>
Total Funding Request:	\$ 200,000.00

- 3) The Company is requesting financing to obtain a Water Infrastructure Finance Authority (WIFA) loan and is currently on the 2007 funding list.
- 4) A current Balance Sheet and Profit & Loss Statement (YE 9/31/06) has been attached to the application..

Ranco Del Conejo Community Water Co-op, Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR 9/30/2005	TEST YEAR 9/30/2006	PRO FORMA 9/30/2007
461	Metered Water Revenue	\$113,587	\$118,369	\$118,369
460	Unmetered Water Revenue	\$0	\$0	\$0
474	Other Water Revenue	\$8,875	\$11,885	\$11,885
	TOTAL OPERATING REVENUES *	\$122,462	\$130,253	\$130,254
	OPERATING EXPENSES			
601	Salaries and Wages (See page 1, item 4)	\$0	\$0	\$0
610	Purchased Water (See page 1, item 5)	\$0	\$0	\$0
615	Purchased Power (See page 1, item 6)	\$20,259	\$23,465	\$25,500
618	Chemicals	\$0	\$0	\$0
620	Repairs and Maintenance (See page 1, item 7)	\$2,210	\$2,293	\$3,500
621	Office Supplies and Expense	\$7,038	\$7,596	\$8,000
630	Outside Services (See page 1, item 8)	\$41,683	\$32,787	\$35,000
635	Water Testing (See page 1, item 9)	\$500	\$1,531	\$2,000
641	Rents	\$0	\$0	\$0
650	Transportation Expense	\$2,203	\$2,703	\$3,000
657	Insurance - General Liability	\$13,442	\$8,460	\$9,000
659	Insurance - Health and Life	\$0	\$0	\$0
666	Regulatory Commission Expense - Rate Case	\$0	\$0	\$0
675	Miscellaneous Expense	\$1,640	\$1,043	\$1,500
403	Depreciation Expense (From page 20)	\$18,519	\$37,098	\$47,098
408	Taxes Other Than Income	\$0	\$0	\$0
408.11	Property Taxes (See page 1, item 10)	\$10,530	\$9,800	\$10,500
409	Income Tax	\$0	\$0	\$0
	TOTAL OPERATING EXPENSE	\$118,024	\$126,778	\$145,098
	OPERATING INCOME/(LOSS)	\$4,438	\$3,475	-\$14,844
	OTHER INCOME/(EXPENSE)			
419	Interest and Dividend Income	\$0	\$477	\$500
421	Non-Utility Income	\$13,465	\$186	\$200
426	Miscellaneous Non-Utility Expense	\$0	-\$359	-\$400
427	Interest Expense	-\$12,257	-\$12,719	-\$22,936
	TOTAL OTHER INCOME/(EXPENSE)	\$1,208	-\$12,415	-\$22,636
	NET INCOME/(LOSS)	\$5,646	-\$8,940	-\$37,480

Rancho Del Conejo Community Water Co-op, Inc.

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR	PRO FORMA
	CURRENT LIABILITIES	9/30/2005	9/30/2006	9/30/2007
231	Accounts Payable	\$0	\$0	\$0
232	Notes Payable (Current Portion)	\$2,820	\$2,983	\$2,983
234	Notes/Accounts Payable to Associated Companies	\$0	\$0	\$0
235	Customer Deposits	\$6,821	\$6,021	\$6,021
236	Accrued Taxes	\$505	\$715	\$715
237	Accrued Interest	\$0	\$0	\$0
241	Miscellaneous Current and Accrued Liabilities	\$0	\$0	\$0
	TOTAL CURRENT LIABILITIES	\$10,146	\$9,719	\$9,719
	LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$252,855	\$249,847	\$449,847
	DEFERRED CREDITS			
251	Unamortized Premium on Debt	\$0	\$0	\$0
252	Advances in Aid of Construction	\$26,890	\$26,765	\$26,765
255	Accumulated Deferred Investment Tax Credits	\$0	\$0	\$0
271	Gross Contribution in Aid of Construction	\$349,018	\$354,398	\$354,398
272	Less: Accum. Amortization of Contributions	-\$72,451	-\$90,171	-\$107,891
281	Accumulated Deferred Income Tax	\$0	\$0	\$0
	TOTAL DEFERRED CREDITS	\$303,457	\$290,992	\$273,272
	TOTAL LIABILITIES	\$566,458	\$550,558	\$732,838
	CAPITAL ACCOUNTS			
201	Common Stock Issued	\$0	\$0	\$0
211	Paid in Capital in Excess of Par Value	\$0	\$0	\$0
215	Retained Earnings	\$187,969	\$196,749	\$204,469
218	Proprietary Capital (Sole Props and Partnerships)	\$0	\$0	\$0
	TOTAL CAPITAL	\$187,969	\$196,749	\$204,469
	TOTAL LIABILITIES AND CAPITAL	\$754,427	\$747,307	\$937,307

Rancho Del Conejo Community Water Co-op, Inc.

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR	PRO FORMA
	CURRENT AND ACCRUED ASSETS	9/30/2005	9/30/2006	9/30/2007
131	Cash	\$69,814	\$95,865	\$95,865
134	Working Funds	\$0	\$0	\$0
135	Temporary Cash Investments	\$0	\$0	\$0
141	Customer Accounts Receivable	\$15,565	\$18,262	\$18,262
146	Notes/Receivables from Associated Companies	\$0	\$0	\$0
151	Plant Materials & Supplies	\$0	\$0	\$0
162	Prepayments	\$0	\$0	\$0
174	Miscellaneous Current and Accrued Assets	\$3,538	\$1,029	\$1,029
	TOTAL CURRENT AND ACCRUED ASSETS	\$88,917	\$115,156	\$115,156
	FIXED ASSETS			
101	Utility Plant In Service *	\$913,477	\$917,216	\$1,117,216
103	Property Held for Future Use	\$0	\$0	\$0
105	Construction Work in Progress	\$0	\$0	\$0
108	Accumulated Depreciation - Utility Plant ("AD-UP") **	-\$247,967	-\$285,065	-\$295,065
121	Non-Utility Property	\$0	\$0	\$0
122	Accumulated Depreciation - Utility Plant ("AD-NU")	\$0	\$0	\$0
	TOTAL FIXED ASSETS	\$665,510	\$632,151	\$822,151
	TOTAL ASSETS	\$754,427	\$747,307	\$937,307

Rancho Del Conejo Community Water Co-op., Inc.
13130 West Rudasill Road
Tucson, AZ 85743
520-682-8335

September 26, 2006

Water Infrastructure Finance Authority of Arizona
1110 West Washington Street
Phoenix, AZ 85007

Re: 2007 Project Priority List

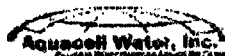
Summary of Funds Needed

Rancho Del Conejo Community Water Co-op (RDCWC) has accepted a proposal for the arsenic removal system for Well Site #3.

At this time Well #3 has an arsenic level of 0.018 mg/l which exceeds the new guidelines of the Arizona Department of Environmental Quality.

As of August 17, 2006 the estimate of costs for the arsenic removal system is as follows:

Twin Tank Parallel Arsenic Removal System with Mid-Level Backwash and Dow ADSORBSIA TM Titanium-based Arsenic Removal Media	\$113,600.00
Pre-Treatment	<u>\$ 8,400.00</u>
	\$122,000.00
Connections, Concrete Pad, Roof, Carbon Dioxide Injection System, Labor	<u>\$ 35,000.00</u>
	\$157,000.00
Construction Management and Coordination	<u>\$ 10,000.00</u>
Sub-Total Arsenic Removal Costs:	\$167,000.00
Also, the water system is in need of system upgrades and/or repairs which total approximately	<u>\$33,000.00.</u>
Total funding requested	\$200,000.00

**Equipment costing**

Equipment Cost	Optional Equipment	
Twin Tank Parallel System	Pre-Filter Sediment removal Process	
Cost	Cost	Total
\$113,600.00	\$8,400.00	\$120,000.00

Based on a Sales Price of \$113,600.00

60 month term = \$2,647.00 per month

Per 325 service connections - \$19.22 per month

The above financing numbers are provided by:

Odyssey Equipment Financing Company
8655 E. Via De Ventura Ste. E160
Scottsdale, AZ 85258

Please feel free to call me at any time for any additional information that you may require.

A handwritten signature in black ink, appearing to read "Robert L. Roberts", with a stylized flourish at the end.

Robert L. Roberts
Vice President of Sales & Engineering
Aquacell Water Inc.



COSTING ANALYSIS

Well #	Time/Event	Cost / Event	Cost / Year	Cost / Month	Cost / Day	Cost / Hour	Cost / Min	Cost / 1000 gallon treated	ph adjustment cost	total cost / 1000 gallon treated with ph adjustment
1	5.1 years (est)	\$29,600.00	\$5,803.92	\$483.66	\$16.12	\$0.67	\$0.011	\$0.07	\$0.0002	\$0.0702
Total cost per wells	5.1 years (est)	\$29,600.00	\$5,803.92	\$483.66	\$16.12	\$0.67	\$0.011	\$0.07	\$0.0002	\$0.0702

DISPOSAL COSTS

Well #

	Time/Event	Cost / Event	Cost / Year	Cost / Month	Cost / Day	Cost / Hour	Cost / Min	Cost / 1000 gallon treated
1	5.1 years	1,050.00	\$205.88	\$17.16	\$0.57	\$0.02	\$0.00039	\$0.00257
Total cost per all wells	5.1 years	1,050.00	\$205.88	\$17.16	\$0.57	\$0.02	\$0.00039	\$0.00257

O & M Costs

Cost per Household per Year and per Month

Media

Disposal

Time / Event	Per Year per Household	Per Month Per Household		Per Year per Household	Per Month Per Household
5.1 years	\$17.86	\$1.49		\$0.63	\$0.05

This information is based on Rancho Del Conejo at 325 service connections. The Disposal cost are based upon ROMIC July 11, 2006 quote.

Ramcho Del Conejo Community Water Co-op., Inc.

LOAN AMORTIZATION ESTIMATE

KEY FIGURES

Annual Loan Payments	\$23,559.48
Monthly Payments	\$1,963.29
Interest in First Calendar Year	\$10,216.96
Interest Over Term of Loan	\$271,189.60
Sum of All Payments	\$471,189.60

INPUTS

Loan Principal Amount	\$200,000.00
Annual Interest Rate	10.25%
Loan Period in Years	20
Base Year of Loan	2007
Base Month of Loan	July
Use Canadian Mortgage Rules	NO

PAYMENTS IN FIRST 12 MONTHS

Year	Month	Beginning Balance	Payments	Principal	Interest	Cumulative Principal	Cumulative Interest	Ending Balance
2008	Jul	\$200,000.00	\$1,963.29	\$254.96	\$1,708.33	\$254.96	\$1,708.33	\$199,745.04
	Aug	199,745.04	1,963.29	257.13	1,706.16	512.09	3,414.49	199,487.91
	Sep	199,487.91	1,963.29	259.33	1,703.96	771.42	5,118.45	199,228.58
	Oct	199,228.58	1,963.29	261.55	1,701.74	1,032.97	6,820.19	198,967.03
	Nov	198,967.03	1,963.29	263.78	1,699.51	1,296.75	8,519.70	198,703.25
	Dec	198,703.25	1,963.29	266.03	1,697.26	1,562.78	10,216.96	198,437.22
	Jan	198,437.22	1,963.29	268.31	1,694.98	1,831.09	11,911.94	198,168.91
	Feb	198,168.91	1,963.29	270.60	1,692.69	2,101.69	13,604.63	197,898.31
	Mar	197,898.31	1,963.29	272.91	1,690.38	2,374.60	15,295.01	197,625.40
	Apr	197,625.40	1,963.29	275.24	1,688.05	2,649.84	16,983.06	197,350.16
	May	197,350.16	1,963.29	277.59	1,685.70	2,927.43	18,668.76	197,072.57
	Jun	197,072.57	1,963.29	279.96	1,683.33	3,207.39	20,352.09	196,792.61

YEARLY SCHEDULE OF BALANCES AND PAYMENTS

Year	Beginning Balance	Payments	Principal	Interest	Cumulative Principal	Cumulative Interest	Ending Balance
2008	\$198,437.22	\$23,559.48	\$3,374.93	\$20,184.55	\$4,937.71	\$30,401.51	\$195,062.29
2009	195,062.29	23,559.48	3,737.97	19,821.51	8,675.68	50,223.02	191,324.32
2010	191,324.32	23,559.48	4,139.63	19,419.85	12,815.31	69,642.87	187,184.69
2011	187,184.69	23,559.48	4,584.45	18,975.03	17,399.76	88,617.90	182,600.24
2012	182,600.24	23,559.48	5,077.08	18,482.40	22,476.84	107,100.30	177,523.16
2013	177,523.16	23,559.48	5,622.64	17,936.84	28,099.47	125,037.15	171,900.53
2014	171,900.53	23,559.48	6,226.82	17,332.66	34,326.29	142,369.81	165,673.71
2015	165,673.71	23,559.48	6,895.92	16,663.56	41,222.21	159,033.37	158,777.79
2016	158,777.79	23,559.48	7,636.92	15,922.56	48,859.13	174,955.93	151,140.87
2017	151,140.87	23,559.48	8,457.55	15,101.93	57,316.68	190,057.86	142,683.32
2018	142,683.32	23,559.48	9,366.36	14,193.12	66,683.04	204,250.98	133,316.96
2019	133,316.96	23,559.48	10,372.82	13,186.66	77,055.86	217,437.64	122,944.14
2020	122,944.14	23,559.48	11,487.43	12,072.05	88,543.29	229,509.69	111,456.71
2021	111,456.71	23,559.48	12,721.82	10,837.66	101,265.11	240,347.35	98,734.89
2022	98,734.89	23,559.48	14,088.84	9,470.64	115,353.95	249,817.99	84,646.05
2023	84,646.05	23,559.48	15,602.76	7,956.72	130,956.71	257,774.71	69,043.29
2024	69,043.29	23,559.48	17,279.36	6,280.12	148,236.06	264,054.84	51,763.94
2025	51,763.94	23,559.48	19,136.11	4,423.37	167,372.17	268,478.21	32,627.83
2026	32,627.83	23,559.48	21,192.38	2,367.10	188,564.56	270,845.30	11,435.44
2027	11,435.44	11,779.74	11,435.44	344.30	200,000.00	271,189.60	0.00

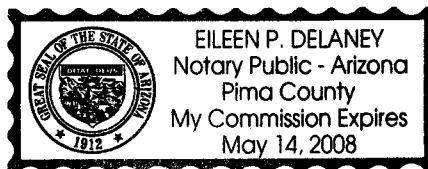
AFFIDAVIT OF
PUBLIC NOTICE OF AN APPLICATION FOR
FINANCING APPROVAL

RANCHO DEL CONEJO COMMUNITY WATER CO.OP., INC.

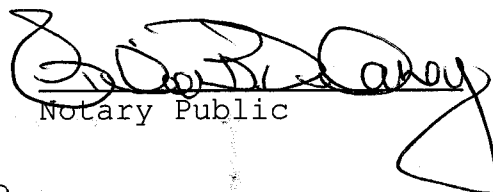
I, Bonnie L. O'Connor, of Southwestern Utility Management, Inc. hereby certify that the customers notification attached to this affidavit was provided to all customers of Rancho Del Conejo Community Water Co-op., Inc. by U.S. Mail on the 19th day of March, 2007.

 DATE: 3/19/07

COUNTY OF PIMA)
) SS
STATE OF ARIZONA)



SIGNED BEFORE ME THIS 19th DAY OF March, 2007.


Notary Public

MY COMMISSION EXPIRES: May 14, 2008

RANCHO DEL CONEJO COMMUNITY WATER CO-OP., INC.

13130 West Rudasill Road

Tucson, AZ 85743

Phone/Fax: (520) 682-8335

March 19, 2007

Dear Co-op Member ~ Below is a PUBLIC NOTICE about our application for a Water Infrastructure Authority loan and Arizona Corporation Commission rate increase to pay for it. As you know from our past communications, the loan is to purchase and install the equipment to reduce the arsenic content of our water to the federal EPA standards put into effect last year, 10 parts per billion (ppb). Our most recent test puts our main well at 15 ppb. We do not yet know when the rate increase, if approved, will go into effect, or how much it will be. As a non-profit cooperative we remain committed to providing good water at a good price. Thank you for your continued support.

For the Board of Directors,


Albert Lannon, President

PUBLIC NOTICE — FINANCE APPLICATION

PUBLIC NOTICE OF AN APPLICATION FOR AN ORDER TO AUTHORIZE THE ISSUANCE OF DEBT BY RANCHO DEL CONEJO COMMUNITY WATER CO-OP., INC.

RANCHO DEL CONEJO COMMUNITY WATER CO-OP., INC. (APPLICANT) HAS FILED AN APPLICATION WITH THE ARIZONA CORPORATION COMMISSION (COMMISSION) FOR AN ORDER AUTHORIZING THE APPLICANT TO RECORD FINANCING APPROVAL. THE PRESENT RATES HAVE BEEN IN EFFECT SINCE DECEMBER 1, 1996. THE AMOUNT OF FINANCING WILL BE FOR \$200,000. THE APPLICANT HAS HAD TO BORROW MONEY FOR COMPLETION OF AN ARSENIC REMOVAL SYSTEM PER ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY REGULATIONS.

THE APPLICATION IS AVAILABLE FOR INSPECTION DURING REGULAR BUSINESS HOURS AT THE OFFICE OF THE COMMISSION IN TUCSON, ARIZONA, 400 W. CONGRESS, ROOM 218, 85701 AND APPLICANT'S OFFICE, 13130 W. RUDASILL ROAD, TUCSON, AZ 85743.

INTERVENTION IN THE COMMISSION'S PROCEEDING ON THE APPLICATION SHALL BE PERMITTED TO ANY PERSON ENTITLED BY LAW TO INTERVENE AND HAVING A DIRECT SUBSTANTIAL INTEREST IN THE MATTER. PERSONS DESIRING TO INTERVENE MUST FILE A MOTION TO INTERVENE WITH THE COMMISSION WHICH MUST BE SERVED UPON APPLICANT AND WHICH, AT A MINIMUM, SHALL CONTAIN THE FOLLOWING INFORMATION:

- 1) NAME, ADDRESS AND TELEPHONE OF THE PROPOSED INTERVENER AND OF ANY PERSON UPON WHOM SERVICE OF DOCUMENTS IS TO BE MADE IF DIFFERENT THAN THE INTERVENER.**
- 2) A SHORT STATEMENT OF THE PROPOSED INTERVENER'S INTEREST IN THE PROCEEDING.**
- 3) WHETHER THE PROPOSED INTERVENER DESIRES A FORMAL EVIDENTIARY HEARING ON THE APPLICATION AND THE REASON FOR SUCH A HEARING.**
- 4) A STATEMENT CERTIFYING THAT A COPY OF THE MOTION TO INTERVENE HAS BEEN MAILED TO THE APPLICANT.**

THE GRANTING OF MOTIONS TO INTERVENE SHALL BE GOVERNED BY A.A.C. R14-3-105, EXCEPT THAT ALL MOTIONS TO INTERVENE MUST BE FILED ON, OR BEFORE, THE 15TH DAY AFTER THIS NOTICE.